2009-2010 Session
State Legislative Report as of 6/15/2010
Overview of Priority Board Regular Session Bills

AB 542 (Feuer) Hospital Acquired Conditions
This bill would require adoption of regulations to establish uniform policies and practices governing the non-payment of hospitals for substantiated adverse events (hospital acquired conditions) by public and private payers, including MRMIB, consistent with those developed by the federal Centers for Medicare and Medicaid Services.

AB 1602 (Perez) Health Care Coverage
This bill would enact the California Patient Protection and Affordable Care Act, and would create the California Health Benefit Exchange to determine eligibility and enrollment and arrange for coverage with participating health, dental and vision plans.

AB 1653 (Jones) Extension of Quality Assurance Fee
This bill would extend for an additional six months—through June 30, 2011—the quality assurance fee that AB 1383 (2009) imposed on specified hospitals to take advantage of a possible extension of the increased federal match provided under the stimulus bill. $80 million of the proceeds per quarter is required to be paid for health care coverage for children and could be allocated to HFP.

***AB 1887** (Villines) Temporary High Risk Pool
This bill establishes the Federal Temporary High Risk Health Insurance Fund to be continuously appropriated to the Managed Risk Medical Insurance Board and implement associated administrative provisions.

AB 2470 (Del La Torre) Individual Care Coverage
This bill would establish standardized procedures and forms for applicants in the individual health care market. It also sets forth specific conditions in which penalties may be assessed against the industry related to policy cancellations, with penalties collected then deposited into the Major Risk Medical Insurance Fund to support the Major Risk Medical Insurance Program.

***SB 227** (Alquist) Federal Temporary High Risk Insurance Pool
This bill would create a federal temporary high risk insurance pool in accordance with the federal Patient Protection and Affordable Care Act of 2010. The bill would further declare that MRMIB administer the pool and expressly provide the Board with the authority to enter into an agreement with the federal Department of Health and Human Services to do so.

SB 890 (Alquist) Health Care Reform Implementation
This bill would enact major changes to rules governing the individual insurance market that would affect standard benefit plan designs, and make other changes to standardize the enrollment application process.

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* Major amendments since the last Board meeting

SB 900 (Alquist) California Health Insurance Exchange
This bill would establish the California Health Benefits Exchange within the California Health and Human Services Agency to implement specific functions imposed by the federal Patient Protection and Affordable Care Act.

SB 1163 (Leno) Health Care Coverage: Denials: Premium Rates
This bill would establish additional reporting for both the individual and group health insurance industry when coverage is denied or offered at a rate higher than the standard. This information is required to be reported annually to the Managed Risk Medical Insurance Board and relevant committees of the Legislature.

SB 1431 (Simitian) County Health Initiative Matching Fund
This bill would allow C-CHIP counties participating in CHIM (County Health Initiative Matching) Fund counties to apply to the Managed Risk Medical Insurance Board for receipt of matching federal funds to provide health care coverage to eligible children whose family income is at or below 400 percent of the federal poverty level.

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* Major amendments since the last Board meeting

Assembly Bills

†**AB 542** (Feuer) Hospital-Acquired Conditions
Version: Amended 06/18/2009
Sponsor: Author
Status: ***6/18/2009-Senate HEALTH***

This bill requires adoption of regulations to establish uniform policies and practices governing the non-payment of hospitals for substantiated adverse events (hospital acquired conditions) by public and private payers consistent with those developed by the federal Centers for Medicare and Medicaid Services. The law requires several state entities, including the Managed Risk Medical Insurance Board, to adopt the nonpayment policies.

AB 1445 (Chesbro) Visits to Federally Qualified Health Centers and Rural Health Clinics
Version: Amended 6/1/2009
Sponsor: California Primary Care Association
Status: ***7/9/2009-Senate APPROPRIATIONS***

The bill would allow federally qualified health centers (FQHCs) and rural health clinics (RHCs) to be reimbursed by Medi-Cal for more than one patient visit per day if the individual sees more than one health care professional at the time. An example of this situation would be if the patient had an appointment with a health care professional and a mental health professional on the same day at the same location. Another example would be a situation where a patient had an appointment for an illness and then on the same day became injured and needed to return that day to the same location. Federal law currently allows two visits per day, but Medi-Cal does not provide reimbursement. As MRMIB intends to use the Medi-Cal process to pay prospective payment rates to clinics, this could also affect HFP costs.

This change in reimbursement was vetoed by the Governor in 2007 as SB 36 (Steinberg) due to General Fund costs.

AB 1600 (Beall) Mental Health Parity
Version: Introduced 1/4/2010
Sponsor: Author
Status: ***6/10/2010-Senate HEALTH***

This bill would require health plan contracts and insurer policies issued, amended or renewed on or after January 1, 2011, to cover the diagnosis and treatment of any mental illness, for any person of any age, and under the same terms and conditions of other medical conditions. The bill would exempt Medi-Cal plans. The coverage required by this bill must be provided in the plan or insurers' entire service area and in emergencies. The bill would permit CalPERS to purchase a

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* Major amendments since last Board meeting
† Priority Board bills
Developments since the previous Board meeting underlined.

health plan or policy that includes mental health coverage and would exempt CalPERS plans, contracts or policies from the bill's other requirements unless CalPERS exercises this authority.

†**AB 1602** (Perez) (Principal Coauthors: Bass and Monning) Health Care Coverage
Version: Amended 4/15/2010
Sponsor: Author
Status: ***6/10/2010-Senate HEALTH***

As amended, this bill would enact the California Patient Protection and Affordable Care Act. It would create the California Health Benefit Exchange to determine eligibility and enrollment and arrange for coverage with participating health, dental and vision plans. This bill would also create a governing body for the Exchange, appointed by the Governor and the Legislature and the California Health Trust Fund as a continuously appropriated fund.

†**AB 1653** (Jones) Extension of Quality Assurance Fee
Version: Introduced 1/14/2010
Sponsor: Author
Status: ***6/10/2010-Senate HEALTH***

This bill would extend the quality assurance fee that AB 1383 (2009) imposed on specified hospitals for an additional six months—through June 30, 2011—in order to take advantage of a possible extension of the increased federal match provided to Medi-Cal by the American Reinvestment and Recovery Act. AB1383 required DHCS to use the combined state and federal funds for supplemental reimbursements to hospitals and managed health care plans and to provide $80 million per quarter of the year for health care coverage for children. It is possible that these funds could be allocated to be matched by CHIP federal funds for HFP.

***†AB 1887** (Villines) Temporary High Risk Pool
Version: Amended 6/10/2010
Sponsor: Author
Status: ***6/14/10 – Senate HEALTH***

This bill has been amended to establish the Federal Temporary High Risk Health Insurance Fund to be continuously appropriated to the Managed Risk Medical Insurance Board and implement associated administrative provisions. The bill will only be enacted if SB 227 creating the federal temporary high risk pool is also enacted.

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* Major amendments since last Board meeting
† Priority Board bills
Developments since the previous Board meeting underlined.

†**AB 2470** (De La Torre) Individual Health Care Coverage
Version: Introduced 2/19/2010
Sponsor: California Medical Association
Status: ***6/10/2010 – Senate HEALTH***

This bill requires the Director of the Department of Managed Health Care Services and the Insurance Commissioner to jointly issue regulations establishing a standard information and health history questionnaire to be used in the individual market industry. The bill also sets forth specific conditions under which a policy could be canceled or rescinded due to information contained in the application. Penalties assessed for violation of this law would be deposited into the Major Risk Medical Insurance Fund to support the Major Risk Medical Insurance Program, subject to appropriation by the Legislature.

AB 2533 (Fuentes) Health Care Coverage: Quality Rating
Version: Amended 5/6/2010
Sponsor: California Medical Association
Status: ***5/27/2010 – Senate HEALTH***

This bill would expand provisions of law that require every health care service plan and certain health insurers to file with the respective departments a description of policies and procedures related to economic profiling used by the plan or insurer and its medical groups and individual practice associations. Economic profiling means any evaluation of a particular physician, provider, medical group or individual practice association based in whole or part on the economic costs or utilization of services associated with the medical care provided or authorized by a specific physician. The bill would expand these provisions to apply to quality ratings used by the plan or insurer with respect to individual or group performance of physicians.

AB 2578 (Jones) Health Care Coverage: Rate Approval
Version: Amended 5/28/2010
Sponsor: Author
Status: ***6/10/2010 – Senate HEALTH***

This bill would require that all health care service plans obtain approval from the Department of Managed Health Care and all health insurers obtain approval from the Department of Insurance in order to increase a premium, co-payment, coinsurance obligation, deductible, or other charge.

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* Major amendments since last Board meeting
† Priority Board bills
Developments since the previous Board meeting underlined.

Senate Bills

SB 56 (Alquist) County Joint Health Plan Ventures
Version: Amended 6/3/2010
Sponsor: Author
Status: ***6/3/2010 - Assembly HEALTH***

The bill would allow health plans governed by various county bodies (boards of supervisors, special commissions, health system, health authority or medical services plan) to form joint ventures to create integrated networks of public health plans that pool risks, share networks or jointly offer health plans to individuals and groups. The intent of the legislation is to facilitate establishment of affordable health coverage options in the individual and group markets.

***†SB 227** (Alquist) Federal Temporary High Risk Insurance Pool
Version: Amended 6/3/2010
Sponsor: Governor Schwarzenegger
Status: ***6/10/2010-Assembly HEALTH***

This bill would create a federal temporary high risk insurance pool in accordance with the federal Patient Protection and Affordable Care Act of 2010. The bill would further declare that MRMIB administer the pool and expressly provide the Board with the authority to enter into an agreement with the federal Department of Health and Human Services to do so. The bill will only be enacted if AB 1887 establishing the Federal Temporary High Risk Health Insurance Fund is also enacted.

SB 316 (Alquist)
Version: Amended 12/17/2009
Sponsor: Author
Status: ***2/11/2010 - Assembly HEALTH***

Current law requires health plans and insurers, when presenting a plan contract or policy for examination or sale to a group of 25 or fewer individuals, to disclose the minimum loss ratio (ratio of premiums paid to health services or claims paid v. administrative costs) for the preceding year. This bill would broaden this mandate and apply it to groups of 50 or fewer individuals.

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* Major amendments since last Board meeting
† Priority Board bills
Developments since the previous Board meeting underlined.

SB 543 (Leno) Minors: Consent for Mental Health Treatment
Version: Amended 9/3/2009
Sponsors: National Association of Social Workers, California Chapter; Mental Health America of Northern California; GSA Network; and Equality California
Status: ***9/11/2009 - Assembly INACTIVE FILE***

This bill would:

- Allow a minor who is at least 12 years old to consent to outpatient mental health treatment or counseling services if the attending "professional person," as defined, determines the minor is mature enough to participate intelligently in the mental health treatment or counseling services;

- Require involvement of the minor's parents in the treatment or services unless the "professional person" determines, after consulting with the minor, that the parental involvement would be inappropriate;

- Expand the definition of a "professional person" to include a licensed clinical social worker, as specified, and a board-certified or board-eligible psychiatrist;

- And in terms of the cost issue, in a case where the minor's parents were not involved in the treatment, would not hold the parents financially liable for the treatment cost.

SB 810 (Leno) Universal Health Care
Version: Amended 1/13/2010
Sponsor: One Care Now, Health Care For All
Status: ***1/28/2010 – Assembly HEALTH***

This bill states the intent of the Legislature to establish a single system of universal health care coverage and a single public payer for all health care services in California. To that end, this bill would:

- Create the California Healthcare Agency, an independent agency under the control of a Healthcare Commissioner appointed by the Governor on or before July 1 of the fiscal year following the bill's effective date and confirmed by the Senate.

- Require the system to become operational no later than two years from the date the Secretary of the California Health and Human Services agency determines that the Healthcare Fund, created for this bill's purposes, would have sufficient revenues to fund the costs of implementing the bill. The California Healthcare Agency would supervise the California Healthcare System Plan. All people physically present in California with the

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* Major amendments since last Board meeting
† Priority Board bills
Developments since the previous Board meeting underlined.

intent to reside in the state would be eligible for the California Healthcare System Plan.

- Prohibit any health care service plan contract or health insurance policy, except for the California Healthcare System Plan, from being sold in California for services provided by the system. This provision would have the effect of reducing the health plan and insurance industry in California to either third-party administrators or entities that provide coverage for benefits not covered by the California Healthcare System Plan.

- Require the Managed Risk Medical Insurance Board (MRMIB) to serve, with other departments and agencies, on an advisory panel that would make recommendations to the Commissioner on how to establish the system throughout local regions.

†**SB 890** (Alquist) Health Care Reform Implementation
Version: Amended 5/20/10
Sponsor: Author
Status: ***6/10/10 – Assembly HEALTH***

This bill would enact major changes to rules governing the individual insurance market that would affect standard benefit plan designs, and make other changes to standardize the enrollment application process. This measure would require a plan or insurer to offer and market one standard benefit plan design in each of five different coverage categories and require discontinuation of plans that did not meet the standard benefit design on or after July 1. It would create the Individual Insurance Market Reform Commission that would review and suggest changes to the standard benefit plan designs and would require health insurance regulators to jointly adopt regulations based on the Commission's suggestions. This measure would also allow an individual plan subscriber or policyholder, on the annual renewal date, to transfer on a guarantee issue basis to another plan of the same or lower coverage category or actuarial value. The bill would also enact a minimum amount of expenditure by percentage on health care benefits.

†**SB 900** (Alquist) California Health Insurance Exchange
Version: Amended 5/20/10
Sponsor: Author
Status: ***6/10/10 – Assembly HEALTH***

This bill would establish the California Health Benefits Exchange within the California Health and Human Services Agency by January 1, 2014. The exchange would be required to implement specific functions imposed by the federal Patient Protection and Affordable Care Act: To enter into contracts with health care service plans and health insurers seeking to offer coverage in the Exchange, and provide a choice in each region of California among the five levels of coverage specified in the federal Act. Further, the bill would require the Exchange be governed by a board

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* Major amendments since last Board meeting
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appointed by the Governor and Legislature and would create the California Health Benefits Exchange Fund in the State Treasury.

†**SB 1163** (Leno) Health Care Coverage: Denials: Premium Rates
Version: Amended 4/28/2010
Sponsor: Health Access
Status: ***6/10/2010 – Assembly HEALTH***

This bill would require a health insurer or service plan that offers health care coverage in the individual and group markets to provide to whom it denies coverage or enrollment or offers coverage at a rate higher than the standard rate with the specific reason or reasons for that decision in writing in clear, easily understandable language. This bill would require a plan or insurer to annually disclose to the Department of Managed Health Care or the Department of Insurance the standards, processes and criteria used by the plan or insurer to deny coverage to applicants. The bill would also require annual reporting of demographic information on denials, including the reason why. This information would be required to be reported annually to the Department of Managed Health Care and the Managed Risk Medical Insurance Board. In addition this bill would increase from 30 to 180 days the required notification period plans must wait prior to increasing premiums

†**SB 1431** (Simitian) County Health Initiative Matching Fund
Version: Amended 4/7/2010
Sponsor: San Mateo County
Status: ***6/10/10 – Assembly HEALTH***

This bill would allow C-CHIP counties participating in CHIM (County Health Initiative Matching) Fund to apply to the Managed Risk Medical Insurance Board through which to receive matching federal funds to provide health care coverage to children who are eligible but unable to enroll in HFP as a result of enrollment policies. These would be children whose family income is between 300 and 400 percent of the federal poverty level. Funding to serve this population would be one-half local funds and one-half federal matching funds. No state funds would be used to support this expansion.

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* Major amendments since last Board meeting
† Priority Board bills
Developments since the previous Board meeting underlined.

Bills MRMIB Will No Longer Report to the Board

†**AB 1595** (Jones) Federal Health Care Reform Implementation
Version: Amended 4/28/2010
Sponsor: Author
Status: ***6/4/2010-Assembly DEAD***

This bill failed to be passed out of the house of origin by the June 4, 2010, deadline and is now dead. This bill would allow California to phase in the expanded Medi-Cal provision of the Patient Protection and Affordable Care Act upon enactment of this bill, which could have the effect of transitioning adults and children into the program prior to the federal deadline of January 1, 2014. Individuals affected by this bill and the federal provision must meet income requirements of 100 to 133 percent of federal poverty level. The bill would move children ages 6-19 with incomes between 100 to 133 percent of the federal poverty level from HFP to Medi-Cal.

AB 2025 (De La Torre) Medi-Cal: Demonstration Project
Version: Amended 5/11/10
Sponsor: Author
Status: ***5/19/10 – Assembly SUSPENSE***

This bill has been held in committee in the house of origin and is unlikely to move in its current form. Staff will continue to monitor for any amendments and/or changes in status. Existing law establishes the Medi-Cal Hospital/Uninsured Care Demonstration Project Act that revises hospital reimbursement methodologies to maximize use of federal funds consistent with federal Medicaid law and stabilizes the distribution of funding for hospitals. DHCS is required to submit an application to the federal Centers for Medicare and Medicaid Services (CMS) for a waiver or demonstration project that would implement specified objectives. This bill requires the department to submit its application for a waiver to CMS by September 1, 2010. It also provides that each designated public hospital shall implement a comprehensive process to offer individuals who receive services the opportunity to apply for the Health Families Program or any other public program for which they are eligible.

AB 2354 (V.M. Perez) Federal Grants for Promotores
Version: Amended 5/28/2010
Sponsor: Author
Status: ***6/7/2010 – Senate RULES FOR ASSIGNMENT***

This bill has been amended to require the State Department of Public Health to assess grants available pursuant to the federal Patient Protection and Affordable Care Act for funding opportunities related to the use of promotores in medically underserved communities and report on this assessment to the legislature.

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* Major amendments since last Board meeting
† Priority Board bills
Developments since the previous Board meeting underlined.

SB 836 (Oropeza) Breast And Cervical Cancer Early Detection Program Expansion
Version: Amended 4/7/10
Sponsor: Author
Status: ***6/4/10 – Senate DEAD***

This bill failed to be passed out of the house of origin by the June 4, 2010, deadline and is now dead. This bill would require the Department of Public Health (DPH) to provide breast cancer screening and diagnostic services to individuals of any age who are exhibiting symptoms, with a physician's recommendation, and to individuals 40 years of age or older whose family income does not exceed 200 percent of the federal poverty level. This bill would appropriate an unspecified amount to fund the DPH breast and cervical cancer early detection program.

SB 1063 (Cox) Healthy Families Program
Version: Amended 5/24/10
Sponsor: Author
Status: ***6/4/10 – Senate DEAD***

This bill failed to be passed out of the house of origin by the June 4, 2010, deadline and is now dead. This measure would require the Board to structure copayments for prescription drugs and emergency health care services in a specified manner to the extent consistent with federal law, using a ratio that penalizes use of brand name drugs instead of generics and use of emergency health services if the subscriber is not hospitalized. For brand name prescription drugs, a copayment of at least 150 percent of the copayment amount for a generic equivalent is to be charged; for emergency room usage, a copayment of at least 150 percent of the copayment for the highest copayment for non-preventative health care services is to be charged. The bill has been amended to specifically exclude subscribers in families with household incomes equal to or less than 150 percent of the federal poverty level from the co-payment requirements.

SB 1109 (Cox) California Children and Families Program: Funding
Version: Introduced 2/17/2010
Sponsor: Author
Status: ***4/14/2010 – Senate HEALTH***

This bill has been held in committee in the house of origin and is unlikely to move in its current form. Staff will continue to monitor for any amendments and/or changes in status. This bill would abolish the California Children and Families Commission, also known as First 5 California, and the county children and families commissions, effective 90 days after it is approved by the voters. If enacted, it would provide, with some exceptions, that these funds be transferred to the state General Fund for appropriation by the Legislature to the Healthy Families and Medi-Cal programs.

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* Major amendments since last Board meeting
† Priority Board bills
Developments since the previous Board meeting underlined.

SCA 29 (Strickland) Health Care Coverage
Version: Introduced 2/19/10
Sponsor: Author
Status: ***5/5/10 – Senate HEALTH***

This bill has been held in committee in the house of origin and is unlikely to move in its current form. Staff will continue to monitor for any amendments and/or changes in status. This bill would prevent delivery or enforcement of health care services in California that were required for individuals to purchase; that required health care service plans or health insurers to guarantee issue of to all applicants; would require employers to provide or pay a fee or tax in lieu of; would allow the government to create, operate or subsidize an entity that would compete with health care service plans or health insurers in the private sector; or would create a single-payer health care system, unless approved by a vote of the electorate.

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* Major amendments since last Board meeting
† Priority Board bills
Developments since the previous Board meeting underlined.